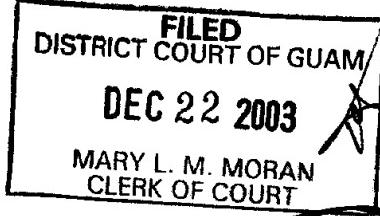


JOAQUIN C. ARRIOLA
ANITA P. ARRIOLA
Arriola, Cowan & Arriola
259 Martyr Street, Suite 201
Hagåtña, Guam 96910
Telephone: (671) 477-9730/33
Facsimile: (671) 477-9734

Counsel for Plaintiffs
Alan Sadhwani, et al.



23

IN THE UNITED STATES
DISTRICT COURT OF GUAM

ARRIOLA, COWAN & ARRIOLA, HAGATNA, GUAM 96910

| | | |
|--------------------------------|---|-------------------------|
| ALAN SADHWANI, LAJU |) | CIVIL CASE NO. 03-00036 |
| SADHWANI, and K. SADHWANI'S |) | |
| INC., a Guam corporation, |) | |
| |) | |
| Plaintiffs, |) | PLAINTIFFS' REPLY TO |
| vs. |) | COUNTERCLAIM |
| |) | |
| HONGKONG AND SHANGHAI |) | |
| BANKING CORPORATION, LTD., a |) | |
| Foreign corporation, |) | |
| JOHN DOE I through JOHN DOE X, |) | |
| |) | |
| Defendants. |) | |
| |) | |

Plaintiffs reply to Defendant's purported Counterclaim as follows:

- A. Deny paragraph 97.
- B. Deny paragraph 98.
- C. Admit paragraph 99.
- D. Admit paragraph 100.

ORIGINAL

E. Admit the first sentence of paragraph 101. The documents speak for themselves, and accordingly, deny the second sentence of paragraph 101.

F. Deny paragraph 102.

G. Plaintiffs deny all other allegations not specifically admitted herein.

As further and separate defenses, Plaintiffs state:

1. The purported Counterclaim of Hongkong & Shanghai Banking Corporation, Ltd., (hereafter "Bank") fails to state a claim against the Plaintiffs upon which relief can be granted.

2. The damages and injuries suffered by the Plaintiffs were caused solely by the tortious conduct and acts of the Bank as alleged in the Complaint.

3. Bank is estopped by its conduct towards the Plaintiffs as alleged in the Complaint.

4. Bank is barred from asserting its purported Counterclaim by the doctrine of unclean hands.

5. The Bank's Counterclaim is neither a Compulsory Counterclaim nor a "Permissive Counterclaim" under Rule 13, Federal Rules of Civil Procedure and therefore should be dismissed.

6. Under Federal Rules of Civil Procedure, Rule 13 (e), the Bank's Counterclaim is subject to the approval of this Court, which approval was not obtained and therefore should be dismissed.

WHEREFORE, Plaintiffs demand that Bank take nothing by its Counterclaim; that the same be dismissed; for costs of suit and such other relief as may be proper.

DATED: December 22, 2003.

ARRIOLA, COWAN & ARRIOLA

Counsel for Plaintiffs Alan Sadhwani, et al.

By:

Joaquin C. Arriola

ARRIOLA, COWAN & ARRIOLA, HAGATNA, GUAM 96910

CERTIFICATE OF SERVICE

I, Joaquin C. Arriola, hereby certify that on December 22, 2003, I caused to be served via hand delivery, **REPLY TO COUNTERCLAIM** to:

**Jacques A. Bronze
Bronze & Tang, P.C.
2nd Floor, BankPacific Building
825 S. Marine Drive
Tamuning, Guam 96913**

Dated this 22nd day of December, 2003.



Joaquin C. Arriola